



REFORMING PUBLIC SECTOR REFORM

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EXECUTIVE SUMMARY

The Government of Jamaica (GOJ) appropriates a massive share of economic resources - over 10% of GDP - to satisfy the public sector wage bill. At the same time, this use of a significant share of the country's productive resources does not result in the competent delivery of a wide range of public goods and services. Surely there is an opportunity here for public funds to be spent more efficiently.

There have been numerous attempts to reform the public sector towards achieving greater efficiency, dating back to 1984 with the implementation of the Administrative Reform Programme. Other reform programmes have included the Public Sector Modernisation Programme (1996 - 2002), the Public Sector Modernisation Vision and Strategy (2002 - 2012) and most recently, the Public Sector Master Rationalisation Plan (2011 - Present).

Yet, at best, only moderate success has been achieved in a few areas of public administration. In 1995, the World Bank reported that earlier civil service reform programmes had failed in achieving their objectives, while the Public Sector Modernisation Programme, which ended in 2002, also failed to sufficiently increase customer service in the public sector.

This discrepancy between the amount of effort at reform and the degree of success begs the question, why does PSR consistently fail to achieve its goals? The Caribbean Policy Research Institute (CaPRI) investigated the reasons for the failure of public sector reform in Jamaica by first exploring past reform initiatives and the impediments to successful reform.

One such impediment is the Government's failure to clearly define its role and, as a result, to deliver public services focused on that role. Furthermore, over-centralised decision-making has created implementation bottlenecks. The lack of cooperation among civil/public service departments is also an obstacle to PSR, as it makes it difficult to reduce the duplication of public sector functions. Most importantly, a successful reform process depends on political

leaders' willingness to make difficult decisions that may adversely affect its political support.

Successful reform of the public sector, therefore, requires that solutions to these challenges be incorporated in the present PSR programme, and any reform efforts in the future. We propose the following:

ALIGN PUBLIC SERVICES WITH A CLEARLY ARTICULATED ROLE FOR GOVERNMENT

Restructure the civil service by focusing on services that will not be provided by the private sector.

DEVOLVE PUBLIC ADMINISTRATION

The process of decentralisation of the public sector, already started, should be continued.

SET EXPLICIT PERFORMANCE TARGETS FOR REFORM AND DELIVERY

The Cabinet, as the chief public sector body, must be evaluated against performance standards and Ministers held to account for national development goals, as a way of reducing the dependence of reform on sheer political will.

LINK JOB SECURITY TO PERFORMANCE

Job security based on tenure, for key civil service personnel, must be replaced with a focus on performance. Heads of department or chief executives should be placed on contract with renewals dependent on performance vis-à-vis pre-agreed targets.

DECENTRALISE MASTER RATIONALISATION PLANS

The manager for each public department should design a rationalisation plan for their own entity that achieves the goals of the master plan. Department plans should incorporate the role of each civil servant.

INTRODUCTION

The Government of Jamaica (GOJ) earmarked 30% of its expenditure – 10% of GDP – for the payment of public wages during the 2014/2015 fiscal year. A benchmark of the present IMF agreement is to reduce the wage bill to 9% of GDP by fiscal year 2015/2016.¹ To its credit, the GOJ embedded the wage ceiling in the Fiscal Responsibility Framework (2011) as a means of reducing the wage bill. However, calls are still being made for the public sector to be more lean and effective, which is the overall aim of any public sector reform (PSR).

Jamaica's numerous reform initiatives, since the establishment of the Ministry of Public Service in 1976, have made improvements but have failed to achieve their goal of providing effective public service with the number of civil servants required to maintain effectiveness.

In 1995, the World Bank reported that earlier civil service reform programmes had been ineffective in achieving their goals due to a lack of clearly defined objectives, poor use of consultants and lack of ownership by the civil service.² The Public Sector Modernisation Programme which ended in 2002 also failed to sufficiently improve customer service in the public sector which was a main objective of that initiative.³ This brief investigates the reasons for the failure of public sector reform in Jamaica by first exploring past reform initiatives and uncovering the impediments to successful PSR.

WHY PUBLIC SECTOR REFORM?

The management and operation of a country's public sector is one of the most important factors in the successful implementation of its national development agenda. Yet, managing the public sector in today's environment of constant change has become a demanding challenge for policy makers and civil servants – a challenge that is especially daunting for those in developing countries and countries with economies in transition. To improve the management of the public sector – public resource allocation, income redistribution and public regulation – reform is important. Without efficient delivery of these three areas most attempts at development will fail.⁴ Public sector reform (PSR) is meant to systemically and sustainably improve performance in the public sector. The Department for International Development (2003, 3) agrees that PSR is important because it:

- Sets the rules for economic and political interactions between state and society, and within the state
- Determines the decision-making structures that choose public policy priorities
- Allocates the resources to address these priorities
- Produces and applies the public sector rules and processes that contribute to the management of those organizations implementing the policies

The importance of public sector reform can be further illustrated through the specific improvements in public perception, competitiveness and multilateral relationships that can be anticipated with a successful implementation of PSR.

PUBLIC PERCEPTION

The public's perception of the Jamaican public sector has not been favourable, with many Jamaicans believing that elected officials and civil servants are corrupt. It was revealed in a 2014 Bill Johnson/Gleaner Poll that Jamaicans thought that 70% of elected officials were corrupt as were 50% of civil servants.⁵ This is corroborated by the 2014 Gallup study which indicated that 86% of Jamaican respondents believe that corruption in the government is widespread.⁶ This measure tested confidence in the performance of institutions such as national government, the judicial system, education, healthcare and housing. This distrust of government services encourages activity in the informal sector and is disadvantageous to recipients of the services and to national development (e.g. the sale of drivers' licenses as opposed to licenses being granted to those who have passed a test).

COMPETITIVENESS

Jamaica has improved its standing in the Global Competitive Index (GCI) over the last nine years with emphasis on tax administration and ease of doing business – Jamaica's GCI rank improved 31 places between 2006 and 2015. However all GCI reports note that weak institutions are inhibiting progress. Crime and theft represent the main challenges to doing business, followed by inefficient government bureaucracy, corruption and tax rates.⁷

1 J\$160 billion is budgeted by the government to pay wages in 2014/2015.

2 World Bank (1995).

3 Osei (2006).

4 Lane (1997, 3).

5 Cunningham (2014).

6 GALLUP (2014).

7 World Economic Forum (2014, 224).

Table 1 uses three international indices to show the improvements Jamaica has made, specifically in its competitiveness. However, a common inadequacy remains in areas of governance, which lowers the rank and score for the GCI and Doing Business Index. The World Bank Worldwide Governance Indicator (WGI) shows a reduction in government effectiveness from its 2008 score to below that of Barbados and Trinidad and Tobago. The main criticism GCI and Doing Business Index reports points towards government corruption as the main factor inhibiting economic competitiveness, as corruption is a disincentive to investors.

MULTILATERAL RELATIONSHIPS

Jamaica's relationships with international partners continue to influence domestic policy decisions. The troika of the International Monetary Fund, World Bank and Inter-American Development Bank have allocated over US\$2.1 billion to be disbursed for budgetary support and special projects covering the period 2013 to 2017.⁸ One of the conditions for receiving

funding from these multilateral financial institutions (MFIs) was reforming the public sector. The Extended Fund Facility with the IMF requires a transformation of the public sector, making it more efficient in its service delivery.⁹

This necessary public sector reform is not just to secure confidence in the country's ability to repay, but also to ensure that there is confidence that the GOJ will honour future commitments. Furthermore, public sector reform is critical to the transformation of the financial sector, as it entails reforms to the business environment and public expenditure, which also work to increase confidence in the ability of the Government to repay its loans. To its credit, the GOJ implemented the wage ceiling in the Fiscal Responsibility Framework (2011).¹⁰

With the reform of the public sector affecting both local and international perceptions of the government's performance it is imperative that the failures of past reforms are averted in the present PSR initiative. To ascertain what went wrong, we must first explore Jamaica's past attempts at public sector reform.

TABLE 1. COMPETITIVENESS OF SELECT CARIBBEAN COUNTRIES

	YEAR	JAMAICA	BARBADOS	TRINIDAD AND TOBAGO	GUYANA
GCI RANK	2013	94*	47*	92*	102*
	2014	86	55	89	117
DOING BUSINESS RANK	2014	85	103	91	121
	2015	58	106	79	123
WORLDWIDE GOVERNANCE INDICATOR (% RANK)**	2008	65.05	91.75	59.71	48.54
	2013	54.55	88.04	64.11	48.33
FREEDOM HOUSE: FUNCTION OF GOVERNMENT SCORE	2014	9/12	12/12	9/12	7/12

Source: World Bank, Worldwide Governance Indicator (2013) and World Bank Doing Business Report (various years)

*Rank out of 148, 2014 rank out of 144

** Percentile ranks reduced to the Government Effectiveness Indicator

8 The IMF facility extends US\$932.3 million to the GOJ while the IADB and World Bank contribute US\$510 million over the duration of the EFF.

9 Jamaica: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding; September 9 2014.

10 The wage ceiling is the amount that the GOJ can spend on wages relative to GDP. This ceiling is 9% wages/GDP.



JAMAICA'S REFORM INITIATIVES

Jamaica has recognized the need to improve its public services since the 1970s. The first reform initiative was the establishment of the Ministry of the Civil Service in 1973 to supplement the work of the Public Service Commission entrenched in the 1962 constitution.¹¹ Since then Jamaica has made numerous attempts to reform the public sector. This illustrates that there has been a clear recognition of weaknesses in the public sector such that successive governments have stated their intention to reform and/or improve it. Some of these reform attempts have yielded positive results and have brought favourable changes to the structure of the public sector, while other attempts have failed. Reform initiatives include the Administrative Reform Programme, the Public Sector Modernisation Programme and the Public Sector Modernisation Vision and Strategy. We will analyse these in more detail, as we seek to inform future efforts.

THE ADMINISTRATIVE REFORM PROGRAMME (ARP), 1984-1995

After decades of minor adjustments and reform attempts, the Administrative Reform Programme (ARP) was introduced in 1984. The civil service became a focal point under the stand-by agreements and structural adjustment programmes of the IMF and World Bank, respectively. The public sector was reduced to 103,800 civil servants in 1985 from 130,400 in 1974. The stated goal of this reform of the public sector was to improve service delivery to support the development of

industry and a market driven economy.

The ARP's budget of US\$6.8 million targeted three areas: (i) personnel administration, including computerising the Human Resource Management Information System; (ii) restructuring the Ministry of Finance and introducing performance budgeting; and (iii) devolving authority to line agencies to hire, promote and discipline based on guidance from the Public Service Commission and the Ministry of Public Service.¹² Additionally, the Jamaica Tax Structure Evaluation Project (JTSEP) (1983) was carried out until 1985 to address the complex tax structure which had been a disincentive to compliance.¹³

While the ARP lasted over a decade, the project suffered severe setbacks and did not meet the desired outcomes. The World Bank report on the project rated it as unsatisfactory with institutional development negligible and likely unsustainable. The report further noted that there was a lack of clear vision and objectives were inadequately outlined.¹⁴ There was inadequate collaboration between consultants and the members of different government ministries and departments, and, as such, upon termination of consultants' contracts there was no continuity. Furthermore, the government's commitment appeared lacking two years into the project, as the political agenda shifted. Funds budgeted for the large scale management information systems were insufficient for the transformation.¹⁵

11 Tindigaruyako (2004).

12 The World Bank provided US\$4.5 million and the Government of Jamaica US\$2.3 million.

13 Osei (2006, 59-66).

14 World Bank (1995).

15 Tindigaruyako (2004, 88).

THE PUBLIC SECTOR MODERNIZATION PROGRAMME (PSMP) 1996-2002

With better funding and increased institutional and government commitment, the Public Sector Modernization Programme (PSMP) delivered on the majority of its objectives.¹⁶ Despite the apparent failure of the ARP, the GOJ was still willing to commit to a large public sector reform project. Fiscal austerity required a reduction in government spending, while discontent with the delivery of public services was widespread. Unlike the ARP, the World Bank ultimately rated the PSMP as satisfactory with likely sustainability and substantial institutional impact.

The project objectives by the World Bank entailed: (i) improving service delivery; (ii) managing ministries; (iii) privatising services where government has no comparative advantage; (iv) making public procurement transparent; (v) enhancing accountability; (vi) computerizing personnel and financial management; and (vii) extending PSR programmes across public sector.¹⁷

Efforts to impose fiscal management under the PSMP included an extension of the Jamaica Tax Structure Evaluation Project (JTSEP), which had run from 1983 to 1985, and the implementation of the Tax Administration Reform Project (TARP). The TARP, done in conjunction with the World Bank, aimed to completely overhaul the tax administration system by broadening the tax base and addressing the loopholes that had been allowing evasion.¹⁸ The work done by local personnel in consultation with World Bank consultants and technical experts contributed to a broadening of the tax base. This expansion was largely underpinned by the introduction of Tax Registration Numbers (TRN), which increased the number of registered taxpayers by some 60%. The number of tax offices across the island also increased to facilitate compliance.

Modernisation of ministries and the creation of executive agencies (EA) were the focus during the PSMP. The establishment of the EAs was influenced by the reform initiatives in the United Kingdom and was put into legislation through the Executive Agencies Act (2002). This flexible model is facilitated by greater devolution of authority to CEOs who act within a framework outlined by the relevant ministry.

The criteria to become an EA are set out under specific regulations and controls: (i) sufficient size and capacity to justify

the change, (ii) provides service to the public and government as the main focus, (iii) financial resource capabilities to meet monitoring and evaluation requirements.¹⁹ By 1999 four agencies had been converted to EAs: Management Institute for National Development, Registrar General's Department, Office of the Registrar of Companies and the Administrator General's Department. The Jamaican model combines the British and New Zealand models targeting performance and output, respectively. Though costly to establish, EAs have improved accountability and information sharing through reporting mechanisms and clear mandates. Presently, there are 12 existing executive agencies.²⁰

Criticisms have, however, emerged as customer service delivery has not increased sufficiently to merit the cost of the programmes.²¹ Despite the reforms, the public sector wage bill has also continued to increase. Further devolution of authority has not been maintained as power is still centralised in the Cabinet Office. The need to expand the focus of public sector modernisation was therefore revamped with the establishment of the Public Sector Transformation Unit in 2009.

THE PUBLIC SECTOR MODERNISATION VISION AND STRATEGY 2002-2012

In 2002, public sector modernisation was institutionalised to form part of a comprehensive strategic approach to strengthen the public sector and make it more responsive to 21st century needs. The ten-year plan for public sector reform was outlined in the Public Sector Modernisation Vision and Strategy 2002-2012. The primary goal of the plan was to improve the performance of Government and the quality of services offered by the public sector. In the strategy document a vision and objectives were identified for each of eight themes of the modernisation programme that had been identified, with the central focus being the modernisation of all public sector entities and the establishment of these entities as performance-based institutions.

The themes included: sustainable development, governance, customer service, and resource management and accountability. It was under this modernisation strategy that, in 2003, the second phase of the Public Sector Modernisation Programme (PSMP II) was implemented. The second phase of the PSMP lasted for five (5) years, ending in 2008.

16 Multiple partners contributed to the US\$57 million project. World Bank US\$28.4 million, US\$3 million European Union, US\$3 million the Overseas Development Administration (predecessor to Department for International Development) and US\$22.6 million from Government of Jamaica.

17 World Bank (2003, 2).

18 Tindigaruyako (2004, 91).

19 CARICAD (2003).

20 Child Development Agency, Forestry Department, National Land Agency, National Environment Planning Agency, National Works Agency, Companies Office of Jamaica, Registrar General's Department, Passport, Immigration and Citizenship Agency, Jamaica Customs Agency, Management Institute for National Development, Administrator General's Department, Jamaica Information Service.

21 Osei (2006, 70).

At the half-way point, a review of implementation of the Public Sector Modernisation Vision and Strategy 2002-2012 was conducted and a Medium Term Action Plan (MTAP) developed. The MTAP identified strategies for improving results-based management across Government and formed the basis for continued implementation of the Modernisation Programme over the next five (5) years. Through the development of the MTAP, the implementation of the modernisation programme was redesigned to encompass only four components: focusing on service delivery, improving governance and accountability, managing for results, and improving change management and communication.

Successes under the Public Sector Modernisation Vision and Strategy include the establishment of performance-based institutions, such as the Registrar General's Department and Companies Office of Jamaica, and the development of a Comprehensive Sustainability Assessment Policy (CSAP) to improve responsiveness of public policies to the needs of the public. Work was also completed in the Ministry of Finance and the Public Service, Ministry of Transport and Works, and the Auditor General's Department to support activities related to enhancing public financial management and performance monitoring. However, there was still need to radically restructure the public sector and consolidate public sector reform efforts to ensure that goals were clear and properly managed. Therefore in 2009, the Cabinet, by way of Cabinet Decision No. 49/09, initiated a strategy to restructure the public sector which formed the basis for the Public Sector Master Rationalization Plan (MRP) in 2011, and the consolidation of the work of the Public Sector Modernisation Division and the Public Sector Transformation Unit in 2013.

PUBLIC SECTOR MASTER RATIONALIZATION PLAN (MRP), 2011 - PRESENT

Public sector reform is a priority to the International Monetary Fund (IMF) and has formed a part of its most recent agreements with Jamaica. As such, Jamaica's commitment to improving the efficiency, quality, and cost-effectiveness of the public sector gave rise to the Public Sector MRP in 2011. With a review of the MRP in 2012 due to a change in administration, the present Government has committed to taking actions to transform the public sector, maintain a path of public sector wages consistent with a reduction in the wage bill to 9% of GDP in 2016/2017, and also reduce the size of the public sector over 2014–2016 through the elimination of posts and an attrition programme.

Through national consultations with stakeholders – civil society, trade associations, private sector, youth and media - the MRP represents a domestically designed public sector reform

initiative. The project seeks to systematically target key areas of the public sector. The MRP has outlined the need for shared corporate services, devolution of authority, standardisation of regions, a revamped national identification system, and GOJ network infrastructure and user fees. The urgent need for pension reform has been addressed with the intention to transition to a contributors' pension scheme, and review of the leave allowed to public workers. Further, 13 entities have been identified for privatisation, with ten others to be subcontracted, along with the merger of over 40 entities.²²

Presently there are 125,300 employees in the public sector working in 16 ministries (inclusive of the Office of the Prime Minister and Cabinet Office) and 230 entities, inclusive of 4,200 JDF personnel.²³ While the role of government in PSR was stated to be unclear in previous reform projects, the specific dos and don'ts have been outlined in the MRP. Identifying the role of government is crucial to PSR. The Public Sector Transformation Unit (2011, 6) outlines nine key areas that government should influence in accordance with Osborne & Plastrik (1997):

- **Safe, healthy and secure environment**
- **Effective and accessible justice system**
- **Good quality education system**
- **Access to basic health care**
- **Social welfare support for disadvantaged**
- **Public infrastructure and related services**
- **Efficient public bureaucracy**
- **Appropriate policy environment and regulatory mechanisms**
- **Diplomacy**

The potential impact of the MRP, in refocusing government on the key areas listed above and improving efficiency, has been projected to save the GOJ J\$49.7 billion over five years. These savings are contingent on the full adoption of the MRP recommendations to ministries and agencies.²⁴

Under the MRP (2011), the GOJ has embarked on an extensive Public Sector Transformation and Modernization Programme. The programme will ensure that all existing entities undergo close scrutiny with the aim of restructuring their organization and methods of operating. One of the main objectives is to increase the capacity and accountability of public sector entities for the management of government resources and to increase their efficiency, thereby reducing the cost of operations.

The goal of this programme is to design an entity that is appropriately focused, suitably staffed and properly equipped to accomplish the obligations assigned to it by the Government and ultimately the people of Jamaica.

22 Public Sector Transformation Unit (2011, 74-75).

23 Taken from http://www.cabinet.gov.jm/public_sector_transformation/ja_public_sector.

24 Public Sector Transformation Unit (2011, 6).



It is being funded by the Government of Jamaica, the Inter-American Development Bank, the European Union and the China Co-Financing Fund. The Government has allocated J\$370.2 million in the 2015/2016 Estimates of Expenditure towards the implementation of the Public Sector Transformation and Modernisation Programme.

Since February 2014, achievements of the programme include the implementation of the Application Management and Data Automation Software (AMANDA), which is now installed in nine local authorities and the fire departments. Though the public has criticised the government for 'sleeping on PSR', Minister without Portfolio, the Honourable Horace Dalley has stated that progress might seem slow but one must be aware of the fact that the Jamaican public sector is extremely complex.²⁵

The IMF review committee has indicated that the Government has met the September 30, 2014 deadline for developing the action plan for public sector transformation. The action plan covers the following areas: (i) the introduction of shared corporate services, (ii) the reallocation, merger, abolition and divestment/privatization of departments and agencies, (iii) outsourcing of services, (iv) strengthening control systems and accountability (including in auditing and procurement), and (v) aligning remuneration with job requirements.

However, the PSR action plan will be unsuccessful if the reasons for the failure of previous reforms are not sufficiently addressed. The following section details the major impediments to reform that have become engrained in the organisational culture of the public sector.

25 Government of Jamaica, Ministry of Finance and Planning (2014).



IMPEDIMENTS TO PSR IN JAMAICA

There have been numerous public sector reform initiatives, as outlined above, with varying results; each project has informed the one that followed it. While there have been areas of success, these have been surrounded by many failures resulting from deeply rooted problems in the public sector. Impediments to PSR in Jamaica include the need to more specifically determine the role of government, decentralise decision making and improve personnel administration, strengthen political will, clearly define reform objectives, and reduce the duplicity of functions.

DEFINING THE ROLE OF GOVERNMENT

A central part of PSR is defining the role of government. Understanding the role of a government guides the determination of what services the public sector should take responsibility for. The public sector, normally, provides goods and services that are non-excludable – nonpayers cannot be prohibited from consuming the good – and non-rivalrous – consumption by one group does not decrease the level of

consumption for others. Nonetheless, non-excludability is considered the more important of the two features of public goods, since if the good is excludable private entrepreneurs will try to serve as many fee-paying customers as possible, relinquishing the need for government to provide the service. Therefore, as the government executes the Public Sector Master Rationalization Plan (MRP), the reform programme must utilise the principles of non-excludability and non-rivalry in deciding which services do not require public expenditure.

Like most reform efforts, the first step of New Zealand's initiative was to decide which activities the government should provide and which could be divested or abandoned to the private sector. The second step aimed at tackling structural and management reforms in the remaining core departments.²⁶ New Zealand's comprehensive overhaul of its public sector affords guidance on general principles and specific elements relevant to countries looking to improve the services of their public sector.

26 Bale and Dale (1998, 104).

Focusing the role of government on the provision of non-excludable services can take a number of formats. Options available to the government include outsourcing services, engaging in partnerships with the private sector and abandoning some services entirely for the private sector to provide. Outsourcing of services provides the opportunity for lowering costs related to managing personnel and allows for development of private enterprises that specialise in the provision of that service. Outsourcing has been identified in the MRP for messenger and delivery services, meals and drivers. However, outsourcing projects still require financing by the public sector, as the private service providers are paid by the government.

A much more difficult option is the establishment of a Public-Private Partnership (PPP). A PPP is a contractual arrangement between a government agency and a private entity which allows the private stakeholder to assume substantial financial, technical and operational risk in the design, financing, building and operation of public infrastructure or services.²⁷ The expertise of each partner is exploited in meeting public needs through the appropriate allocation of resources, risks and rewards. The main argument for the use of PPP is that these types of agreements reduce the burden on the public sector to finance capital and long-term service contracts as private capital, private expertise and competitive business practices are used to provide public services. Countries like the UK have used PPPs to provide more than 10% of government procurement and services.

However, outsourcing and PPPs should only be used in cases where the public's interest cannot be served solely by the private sector. When it is mutually beneficial to taxpayers and the private sector, public services should be relinquished to the private sector for provision. Therefore, rationalising the public sector starts with defining the role of government. Once this role is identified, outsourcing, PPPs and divestment can be used to align public services with the role of the government.

DECENTRALISATION AND PERSONNEL ADMINISTRATION

As part of the resource management and accountability responsibility of the Public Sector Transformation Unit, there have been efforts to decentralise decision-making and service delivery in the public sector. Decentralisation in the public sector is achieved by transferring the authority to make decisions and allocate resources to other levels of government, as a means of strengthening accountability.

For example, the Financial Secretary in the Ministry of Finance has 22 direct functions reporting to him which "contributes to bottlenecks in decision making and implementing policies... [and] reduces [the ministry's] capacity to promote growth

and development" (Public Sector Transformation Unit, 2015). Decentralising decision making in the public sector, however, reduces the power of top tier civil servants. Thus PSR is viewed as a source of uncertainty and threat to the status quo of centralised authority, which serves as a deterrent to the reform's success.

However, efforts to decentralise decision-making can be strengthened by effective personnel administration. Areas of public sector administration that can be improved to facilitate decentralisation include the use of a merit-based staff appraisal system, an executive agency model, and strengthening compliance with the Public Bodies Management and Accountability (PBMA) Act. Both Singapore and New Zealand have corporatized departments and introduced a merit-based system for staff. As opposed to promotions based on experience, advancement was awarded on performance. This was crucial also in alleviating corruption in the public sector.²⁸ Once performance targets are established and the requirements of workers are outlined, unions would be hard-pressed to block the retrenchment of inefficient workers.

The Executive Agency Model has been used to delegate authority to CEOs in the area of hiring and firing. CEOs thus become accountable to the Minister and excessive appointments and unjust dismissals would be subject to review and audited in a transparent process. Importantly, accountability and management of public services ought to be improved as oversight is decentralised. Executive agencies were a main focus of the Public Sector Modernisation Programme, as mentioned previously, and resulted in the creation of 12 agencies. However, executive agencies require clear legislation to guide the relationship between central government and managers for devolution to truly take place. As in the case of New Zealand, there are clear guidelines explaining the relationship between minister and chief executive, as legislated in the State Sector Act (1998), and chief executives were able to manage departments with relative autonomy.²⁹ Jamaica's Executive Agencies Act accounts for the performance agreement between the relevant Minister and CEOs, however, despite decentralised decision-making, certain key decisions are made by the Minister.

The Public Bodies Management and Accountability Act (2001), which is also in place to strengthen public sector administration, faces challenges with adherence. The Jamaica Development Infrastructure Programme, which commenced in 2010, and the apparent mishandling of US\$400 million in project funds highlight the need for adequate reporting mechanisms. Also, the introduction of the Protected Disclosures Act (2011) modelled from the UK Public Interest Disclosure Act requires greater elaboration to protect and encourage civil servants who notice evidence of corruption.

27 Deloitte Research (2006).

28 Saxena (2011, 39).

29 Scott (1996, 31).



In sum, PSR has been impeded by the slow pace of decentralisation which affects public sector administration and accountability. Furthermore, the central focus of reform is effective public sector performance, hence removing bottlenecks that choke performance – and not just personnel – is important.

STRENGTHENING POLITICAL WILL

The lack of political courage to execute reform was a recurring theme in all initiatives. Any major reform of the civil service requires support of the political leadership. While the work has been done and the reform papers compiled and presented to Cabinet, the political directorate has lacked the commitment to overhaul the public sector by following the plans of action. Numerous governing administrations have heralded the need for public sector reform and commissioned costly studies and reports to be done and have faltered in carrying out the requirements.

It is difficult to sustain political support for reform with frequent changes of government. In the case of Jamaica, even

when governments are in power they tend to continuously be in 'election mode'. Therefore, the fact that PSR may lead to a disgruntled electorate lowers it as a priority for incumbent administrations. As the single largest employer in Jamaica, sitting governments have been unwilling to upset such a large number of voters, even if changes are ostensibly in the interest of the nation. Administrative reforms are also seen as being of low electoral value (Chittoo, Rampbul and Nowbutsing 2009).

In many instances, public sector jobs provide employment for constituents and opportunities for patronage for political supporters. This helps to consolidate the power of the ruling party or compensate election supporters. In such a case, cutting the size of the public sector often fails and would be opposed strongly, forcing the regime to make other provisions, for example, state-sponsored or government-linked enterprises (Cheung 2005). Politicians are hesitant to implement reforms that endanger their political success. Therefore, the resistance shown by key policymakers/politicians when reforms threaten existing arrangements consistently hinders the execution of reform plans.

The Singaporean experience underscores the importance of political courage and the recognition that without it most reforms fail.³⁰ Strong executive structures are necessary to execute strategies and commit the civil service hierarchy to national development goals. This required, in Singapore, the abandonment of civil service neutrality and clear articulation of policy needs, whether it be for housing, education or health targets. Monitoring and evaluation thus becomes imperative for this process, in order to hold individuals to account. Whether this reporting be done to a parliamentary committee or the established National Partnership Council. Explicit political support accompanied PSR, contributing to the programme's credibility and success.

Likewise, politicians in New Zealand felt that some core ministries had their own policy agendas and could override or outlast the wishes of elected officials. Thus, the objective of the new government was to create an efficient public sector but also one that was responsive to the strategic policy direction of the government.

DUPLICITY OF FUNCTIONS AND JOB SECURITY

The lack of cooperation among departments lends itself to the duplication of tasks. This wastes public resources and increases the number of public sector employees required to accomplish any given task. Furthermore, duplicity of functions exists between the public sector and private sector. These functions need to be privatised to strengthen the state's capacity to offer essential services.³¹

Duplicity of functions is also facilitated by the high-level job security that public sector workers enjoy due to poor administration and political patronage.³² This presents a critical impediment which has led to a culture of contentment and feeling of invincibility. It is difficult to discipline an individual who knows they can't be fired. This culture reverberates, in many cases, on the quality of work produced. In cases of layoffs and retirements, in the short term it is cheaper to retain redundant workers than to pay pensions annually. The same labour laws that are implemented to protect public sectors workers help to keep inefficient workers employed.

However, the notion of job security must be replaced with a focus on accountability. Heads of department or chief executives in New Zealand were placed on contract, renewable based on performance, as opposed to tenure.³³ Staff are encouraged to

meet performance criteria and there is an absence of public sector "special treatment". Public sector workers are also faced with the same regulations as private sector employees.

LACK OF CLEARLY DEFINED OBJECTIVES

The failure of previous reforms has been partly attributed to the lack of clearly defined goals from the reform process itself. Reforms focused on long-term term goals but failed to articulate short-term milestones or implementation plan. Goals and strategies exist, but they may be mere rhetoric or a statement of intentions. A clearly defined goal and a strategy for its achievement takes account of what can be achieved within the political and institutional environment and also requires the translation of long-term goals into an operational plan for each public entity.

This was evident in the Singapore experience, where the young nation was tasked with providing basic education, housing, health and subsistence services for its population. The response by the People's Action Party was to adopt a developmental state model by broadening as opposed to limiting the role of government to achieve growth and inclusive development.³⁴

When carrying out initiatives with undefined goals, even motivated administrators may feel powerless to act because they are unclear about their role in the reform process, such as budget the strategic allocation/deployment of human resources. Simple issues such as transfer of staff, promotions, rewards and punishment can create problems for the administrator who tries to do his or her job professionally if the role that each actor plays in the reform process is not clearly defined. Therefore, the objective of PSR must be defined at three levels of public sector organisation: (i) There must be a clear national objective for PSR; (ii) The national objective must be translated into objectives for each public sector unit; (iii) Each unit must then be tasked with identifying the role of each civil servant in the transformation process.

The preceding paragraphs on the impediments to PSR have expounded on five main obstacles to reform—defining the role of government, decentralisation and personnel administration, strengthening political will, defining reform objectives, and the duplicity of functions. It is important that the present PSR initiative incorporates solutions to these problems in order to forestall failure.

30 Saxena (2011, 146).

31 Cheung (2005).

32 Munnell and Fraenkel (2013).

33 Scott (1996, 31).

34 Saxena (2011, 9).

CONCLUSION

This study makes it clear that public sector reform is a complex undertaking. Numerous stakeholders from academia, private sector and civil service with differing objectives will seek to impact the process, including deciding the role of government, the outcomes of reform, and performance targets. Not all public sector stakeholders will accept the goals and methods of executing PSR, however, it does not detract from the need to consult and commit to tasks.

Successive attempts at PSR have added some value to the delivery of public services. Based on the experiences observed, it would be erroneous to conclude that all efforts in the last two decades were a failure. Reform in New Zealand, the United Kingdom and Singapore all required years to find the right product and model suitable for their own conditions.

However, for further gains to be achieved, the major impediments to reform must be confronted, particularly the lack of political courage to tackle the underlying causes of failure. The small steps already taken in some key areas (pension reform, public procurement) though necessary, are insufficient in addressing major issues being faced, and defining the role of government.

The political leadership will be required to make the necessary decisions in order to abandon the services that are not aligned with the defined role of government and to tackle the inefficiencies that are harboured by centralised decision making. With this in mind, the following recommendations are proposed to ensure the success of the current public sector reform process:

ALIGN PUBLIC SERVICES WITH A CLEARLY ARTICULATED ROLE FOR GOVERNMENT

Restructure the civil service by focusing on services that will not be provided by the private sector. Public services that require the government to assume substantive risk, but may be improved by private sector management, should be outsourced. Where private companies can assume substantial financial, technical and operational risk but still require government assistance, PPPs should be formed. If public and private sector interests are better served by having the private sector deliver a public service, then such services should be divested.

DEVOLVE PUBLIC ADMINISTRATION

The process of decentralisation of the public sector, already started, should be continued. To facilitate this, the operations of ministries and departments should be corporatized and guided by a merit-based system for staff appraisal. The Executive Agency Model should be used to increase accountability in more public services by delegating authority to CEOs.

Executive Agencies should then relinquish dependence on Ministers for key decision making, but should nonetheless be guided by national development plans and held accountable to the standards of the Public Bodies Management and Accountability Act (PBMA). To complement this process, the PBMA should be strengthened to increase autonomy and avert political bias through ministerial decisions.

REDUCE DEPENDENCE OF PSR ON POLITICAL WILL

Cabinet should be held accountable by legislation to national development goals. The Cabinet, as the chief public sector body, must be monitored and evaluated against performance standards and Ministers held to account. By reforming this particular public body, public sector reform will become easier as directives from Ministers will comply with development goals to improve their performance evaluations.

LINK JOB SECURITY TO PERFORMANCE

Job security must be replaced with a focus on performance. Heads of department or chief executives should be placed on contract as opposed to tenure and thereafter given relative autonomy. This should be done with clear guidelines explaining the relationship between minister and chief executive. Staff will be held accountable based on performance standards because the executive will lose his contract if his department underperforms.

DECENTRALISE MASTER RATIONALISATION PLANS

The manager for each public department should design a rationalisation plan for their own department that achieves the goals of the master plan. Department plans should incorporate the role of each civil servant. This allows for goals to become department-specific and clear.

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